

**UINTAH MOSQUITO ABATEMENT DISTRICT**

**ANNUAL FINANCIAL REPORT**

**December 31, 2005**

**Uintah Mosquito Abatement  
District**

**P.O. Box 983  
Vernal, UT 84078  
(435) 789-4105**

# UINTAH MOSQUITO ABATIEMENT DISTRICT

## FINANCIAL STATEMENTS

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# CALDWELL, COOMBS & FOLEY, LLP

*Certified Public Accountants*

92 North Vernal Avenue  
Vernal, Utah 84078-2104  
(435) 789-0961  
Fax (435) 789-0340



## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
Uintah Mosquito Abatement District  
Vernal, Utah

We have audited the accompanying financial statements of the governmental activities, and each major fund of Uintah Mosquito Abatement District, as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Uintah Mosquito Abatement District management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Uintah Mosquito Abatement District, as of December 31, 2005, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2006 on our consideration of Uintah Mosquito Abatement District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 2 through 5 and 22, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

*Caldwell, Coombs & Foley, LLP*

Vernal, Utah  
July 19, 2006

## **UINTAH MOSQUITO ABATEMENT DISTRICT**

### **Management's Discussion and Analysis**

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This section of Uintah Mosquito Abatement District's (District) annual financial report presents management's discussion and analysis of the District's financial performance during the year ending December 31, 2005.

#### **Financial Highlights**

##### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information, including this Management's Discussion and Analysis, and the statement of revenues, expenditures and changes in fund balance – budget and actual for the general fund.

##### **Government-wide Financial Statements**

One of the most important questions asked about the District's finances is, "is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements can be found on pages 9 and 10 of this report.

##### **Fund Financial Statements**

All of the District's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations.

We describe the relationship (or differences) between the government-wide financial statements and the related fund financial statements in a reconciliation that follows each fund financial statement. These differences occur because of the differences in accounting methods used for the two types of statements and the difference in focus: long-term verses short-term.

**UINTAH MOSQUITO ABATEMENT DISTRICT**  
**Management's Discussion and Analysis**

**The District As A Whole**

The District's net assets increased \$68,372, from \$1,595,083 the prior year to \$1,663,455 at the end of 2005. (See Table 1.)

The increase in net assets is a primary function of the abatement district's receipt of additional property tax revenues due to new growth. The District also received a State grant, which helped defray some of the expense for pesticides.

**Table 1**  
**Net Assets**

	<b>Governmental Activities</b>		<b>Total</b>
	<b>2005</b>	<b>2004</b>	<b>Change</b>
			<b>2005--2004</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 743,976	\$ 663,836	\$ 80,140
Property taxes receivable	31,353	46,680	(15,327)
Grants receivable - State of Utah	30,000		30,000
Inventory of pesticides	141,514	151,434	(9,920)
Capital assets	775,989	794,309	(18,320)
Total assets	1,722,832	1,656,259	66,573
<b>Liabilities</b>	59,377	61,176	(1,799)
<b>Net Assets</b>			
Invested in capital assets	775,989	794,309	(18,320)
Unrestricted	887,466	800,774	86,692
Total net assets	\$ 1,663,455	\$ 1,595,083	\$ 68,372

The year-to-year differences in relative costs and necessary spending (See Table 2, below.) for large scale public health mosquito/disease vector control can vary significantly as depending upon those many biologically unpredictable operational needs which are presented with every mosquito season. By example, the relative degree of mosquito production (and thus need for mosquito control) for a given season is directly proportional to the seasonal availability of surface water for mosquito breeding, average air temperatures, rainfall amounts and many other factors. The total costs for the control of Mosquito-borne disease such as West Nile Virus are essentially impossible to predict from one season to another. The amount of precipitation received during 2005 was significantly greater than was received in 2004, which resulted in a significant increase in mosquito habitat.

Significant line item changes: Salaries and wages, together with the associated employee benefits, pesticides, and aerial application expenses all increased over the prior year as a direct result of increased mosquito habitat and the threat of West Nile Virus.

**UINTAH MOSQUITO ABATEMENT DISTRICT**  
**Management's Discussion and Analysis**

**Table 2**  
**Changes in Net Assets**

	<b>Governmental Activities</b>		<b>Total</b>
	<b>2005</b>	<b>2004</b>	<b>Change</b>
			<b>2005-2004</b>
<b>Revenues:</b>			
Program revenues	\$ 30,000	\$ 9,048	\$ 20,952
General revenues			
Property taxes	613,258	548,654	64,604
Fee in-lieu	55,801	50,591	5,210
Other	14,299	9,993	4,306
Total revenue	<u>713,358</u>	<u>618,286</u>	<u>95,072</u>
<b>Expenses:</b>			
Salaries and wages	216,198	207,197	9,001
FICA taxes	16,479	15,340	1,139
Health insurance	17,755	14,505	3,250
State retirement	18,811	16,746	2,065
Workmen's compensation	10,813	6,421	4,392
Utilities	7,754	6,542	1,212
Office & lab supplies	6,381	7,237	(856)
Pesticides	115,637	82,345	33,292
Aerial application	47,852	9,565	38,287
Vehicle fuel	12,097	8,538	3,559
Vehicle maintenance	7,344	11,876	(4,532)
Buildings & grounds maintenance	3,373	4,876	(1,503)
Small equipment & supplies	10,306	13,201	(2,895)
Bookkeeping & audit	7,934	5,025	2,909
Travel & trustee expenses	19,984	10,948	9,036
Insurance - liability & vehicle	24,586	22,556	2,030
UMAA dues & research	2,172	892	1,280
Property tax refunds	12,170	2,728	9,442
Public relations	15,565	16,240	(675)
Source reduction	1,500	1,904	(404)
Miscellaneous	1,454	1,526	(72)
Depreciation	<u>68,821</u>	<u>65,208</u>	<u>3,613</u>
Total expenses	<u>644,986</u>	<u>531,416</u>	<u>113,570</u>
 Change in net assets	 <u>\$ 68,372</u>	 <u>\$ 86,870</u>	 <u>\$ (18,498)</u>



**UINTAH MOSQUITO ABATEMENT DISTRICT**  
**Management's Discussion and Analysis**

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**The District's Funds**

As the District completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a *combined* fund balance of \$901,177. That reflects a *combined* net increase in fund balances of \$105,244. (See the statement of revenues, expenditures, and changes in fund balances on page 13.)

The general funds fund balance increased \$95,756 to \$783,678. This balance reports funds available for operations in future periods. The general fund balance fills a regular annual need and necessary course of action to ensure the ready availability of sufficient monies to fund the ensuing year's operations until the receipt of property taxes in the fall. In addition to this general funding requisite, it is essential that public health emergencies provisions be in place in order to responsibly address the very real threat of epidemic level outbreaks of mosquito-borne West Nile Virus in Uintah County equines and humans. Very substantial yet critically necessary additional expenditures would have to be made by the abatement district with very little if any forewarning should such medically urgent circumstances develop in the future.

The capital project fund balance increased \$9,488 to \$117,499. This balance reports funds available for purchase of capital assets in future periods.

**General Fund Budgetary Highlights**

The original 2005 general fund budget, adopted in December 2004, was amended during the year to reflect an estimated increase in property taxes from new growth and to provide for anticipated future capital outlay. Adjustments were also made to line items within the budget to more accurately match actual expenditures. Actual funds expended were within appropriated amounts. (See the statement of revenues, expenditures and changes in fund balance – budget and actual General Fund on page 23.)

**Capital Asset and Debt Administration**

The District routinely replaces its operational equipment. To ensure field reliability, operational efficacy and personnel safety, the district adheres to a policy, which provides for the regular and timely replacement of its trucks and other heavily used equipment. Mechanic and maintenance costs are also significantly reduced. Planned capital improvements include the comprehensive upgrade/replacement of the district's mechanic garage and structural upgrades in other buildings and facilities as needed.

The District has no long-term debt.

For additional information please contact District Director, Steven V. Romney at (435) 789-4105, or write to the Uintah Mosquito Abatement District at P.O. Box 983 Vernal, UT 84078.

**Uintah Mosquito Abatement District**  
**Statement of Net Assets**  
**December 31, 2005**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 743,976
Property taxes receivable	31,353
Grants receivable - State of Utah	30,000
Inventory of pesticides	141,514
Capital assets not being depreciated::	
Land	8,500
Capital assets net of accumulated depreciation:	
Buildings	384,451
Improvements	136,695
Equipment	246,343
Total Assets	<u>1,722,832</u>
<b>Liabilities</b>	
Cash in bank overdraft	483
Accounts payable	4,805
Accrued vacation leave	19,892
Vested leave	34,197
Total Liabilities	<u>59,377</u>
<b>Net Assets</b>	
Invested in capital assets	775,989
Unrestricted	887,466
Total Net Assets	<u>\$ 1,663,455</u>

The notes to the financial statements are an integral part of this statement.

**Uintah Mosquito Abatement District**  
**Statement of Activities**  
**Year Ended December 31, 2005**

		<b>Program Revenues</b>	<b>Net (Expense) Revenue and Changes in Net Assets</b>
<b>Functions</b>	<b>Expenses</b>	<b>Operating Grants</b>	<b>Total Governmental Activities</b>
<b>Governmental Activities:</b>			
<b>Public Health - Mosquito Abatement</b>			
Salaries and wages	\$ 216,198		\$ (216,198)
FICA taxes	16,479		(16,479)
Health insurance	17,755		(17,755)
State retirement	18,811		(18,811)
Workmen's compensation	10,813		(10,813)
Utilities	7,754		(7,754)
Office & lab supplies	6,381		(6,381)
Pesticides	115,637	\$ 30,000	(85,637)
Aerial application	47,852		(47,852)
Vehicle fuel	12,097		(12,097)
Vehicle maintenance	7,344		(7,344)
Buildings & grounds maintenance	3,373		(3,373)
Small equipment & supplies	10,306		(10,306)
Bookkeeping & audit	7,934		(7,934)
Travel & trustee expenses	19,984		(19,984)
Insurance - liability & vehicle	24,586		(24,586)
UMAA dues & research	2,172		(2,172)
Property tax refunds	12,170		(12,170)
Public relations	15,565		(15,565)
Source reduction	1,500		(1,500)
Miscellaneous	1,454		(1,454)
Depreciation	68,821		(68,821)
Total Mosquito Abatement	<u>\$ 644,986</u>	<u>\$ 30,000</u>	<u>(614,986)</u>
<b>General Revenues</b>			
Property Taxes			613,258
Fee in-lieu			55,801
Interest income			13,297
Miscellaneous			502
Gain on sale of capital assets			500
Total General Revenues			<u>683,358</u>
Change in net assets			68,372
Net assets - beginning			<u>1,595,083</u>
Net assets - ending			<u>\$ 1,663,455</u>

The notes to the financial statements are an integral part of this statement.

**UINTAH COUNTY MOSQUITO ABATEMENT DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2005**

	<u>Major Funds</u>		
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ 626,477	\$ 117,499	\$ 743,976
Property taxes receivable	31,353		31,353
Grants receivable - State of Utah	30,000		30,000
Inventory of pesticides	141,514		141,514
<b>Total Assets</b>	<b>\$ 829,344</b>	<b>\$ 117,499</b>	<b>\$ 946,843</b>
<b>LIABILITIES AND FUND EQUITY</b>			
Liabilities			
Cash in bank overdraft	\$ 483		\$ 483
Accounts payable	4,805		4,805
Accrued vacation leave	19,892		19,892
Deferred property taxes	20,486		20,486
<b>Total Liabilities</b>	<b>45,666</b>	<b>-</b>	<b>45,666</b>
Fund Equity			
Fund balance:			
Reserved for inventory	141,514		141,514
Unreserved	642,164	\$ 117,499	759,663
<b>Total fund equity</b>	<b>783,678</b>	<b>117,499</b>	<b>901,177</b>
<b>Total liabilities and fund equity</b>	<b>\$ 829,344</b>	<b>\$ 117,499</b>	<b>\$ 946,843</b>

The accompanying notes are an integral part of these financial statements.

**Uintah Mosquito Abatement District**  
**Reconciliation of the Balance Sheet of Governmental Funds to the**  
**Statement of Net Assets**  
**December 31, 2005**

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Total fund balances for governmental funds \$ 901,177

Total net assets reported for governmental activities  
in the statement of net assets is different because:

Governmental funds defer property tax revenues that  
are not received within 60 days following the year end.  
However, the statement of activities reports property  
taxes in the year for which they are levied regardless of  
the time of receipt.

20,486

Capital assets used in governmental funds are not  
considered available financial resources and therefore  
are not reported in those funds. Those assets consist  
of:

Land	\$ 8,500	
Buildings, net of depreciation of \$95,824	384,451	
Improvements, net of depreciation of \$54,814	136,695	
Equipment, net of depreciation of \$219,484	<u>246,343</u>	775,989

Governmental funds do not report vested sick leave  
because it is not considered payable from current  
financial resources.

(34,197)

Total net assets of governmental activities \$ 1,663,455

The notes to the financial statements are an integral part of this statement.

**UINTAH COUNTY MOSQUITO ABATEMENT DISTRICT**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2005**

	<b>Major Funds</b>		<b>Total</b>
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Governmental Funds</b>
<b>REVENUES</b>			
Taxes			
Property Taxes	\$ 629,386		\$ 629,386
Fee in-lieu	55,801		55,801
Total taxes	685,187	-	685,187
Intergovernmental			
State grants	30,000		30,000
Total intergovernmental	30,000	-	30,000
Miscellaneous			
Interest	10,308	\$ 2,989	13,297
Other	502		502
Total miscellaneous	10,810	2,989	13,799
Total revenues	725,997	2,989	728,986
<b>EXPENDITURES</b>			
Public Health - Current			
Salaries	213,774		213,774
FICA taxes	16,479		16,479
Health insurance	17,755		17,755
State retirement	18,811		18,811
Workmen's compensation	10,813		10,813
Utilities	7,754		7,754
Office & lab supplies	6,381		6,381
Pesticides	105,716		105,716
Aerial application	47,852		47,852
Vehicle fuel	12,097		12,097
Vehicle maintenance	7,344		7,344
Buildings & grounds maintenance	3,373		3,373
Small equipment & supplies	10,306		10,306
Bookkeeping & audit	7,934		7,934
Travel & trustee expenses	19,984		19,984
Insurance - liability & vehicle	24,586		24,586
UMAA dues & research	2,172		2,172
Property tax refunds	12,170		12,170
Public relations	15,565		15,565
Source reduction	1,500		1,500
Miscellaneous	1,454		1,454
Capital Outlay			
Equipment		50,501	50,501
Total expenditures	563,820	50,501	614,321
Excess revenues over (under) expenditures	162,177	(47,512)	114,665
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from the sale of capital assets	500		500
Transfers in (out)	(57,000)	57,000	-
Increase (decrease) in inventories	(9,921)		(9,921)
Excess revenues and other sources over (under) expenditures and other uses	95,756	9,488	105,244
Fund balance - January 1	687,922	108,011	795,933
Fund balance - December 31	\$ 783,678	\$ 117,499	\$ 901,177

The accompanying notes are an integral part of these financial statements.

**Uintah Mosquito Abatement District**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund**  
**Balances of Governmental Funds to the Statement of Statement of Activities**  
**December 31, 2005**

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<b>Total change in fund balances for governmental funds</b>	<b>\$ 105,244</b>
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Total net assets reported for governmental activities in the statement of net assets is different because:

Property taxes not collected within 60 days after year end are deferred in the governmental funds but are recorded as revenue in the statement of activities.	(16,128)
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Governmental funds report purchases of capital assets as expenditures. However, in the statement of activities, assets with an initial individual cost of \$1,000 or more are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. The differences are summarized as follows:

Cost of capitalized assets purchased	\$ 50,501	
Depreciation expense	<u>(68,821)</u>	(18,320)

Governmental funds report compensation for sick leave when the amounts become payable. However, in the statement of activities, compensation for sick leave is reported as the benefit is earned by employees.	(2,424)
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<b>Change in net assets of governmental activities</b>	<u><u>\$ 68,372</u></u>
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The notes to the financial statements are an integral part of this statement.

**Uintah Mosquito Abatement District**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. The Reporting Entity**

The Uintah Mosquito Abatement District (District) was created August 5, 1974 by order of the Uintah County Board of County Commissioners, pursuant to the provisions of Chapter 14, Title 26, *Utah Code* Annotated (1953), as amended. The District provides mosquito abatement services to the entire area of Uintah County, Utah except for certain federal and Indian lands.

A part-time Board of Trustees and a full-time professional director and assistant manage the District. One Trustee is appointed by Uintah County and one is appointed by each of the cities in Uintah County.

For financial reporting purposes, Uintah Mosquito Abatement District has included all funds, organizations, account groups, agencies, boards, commissions, and authorities. The District has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District. The District has identified no organization, which should be reported as a component unit of the District.

**B. Government-wide and Fund Financial Statements**

***Government-wide Financial Statements***

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the District as a whole. Individual funds are not displayed. All of the District's operations are reported as governmental activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. The District's activities are confined to a single function: mosquito abatement. Program revenues include: (1) charges for services which report rents and other charges to users of the District's services or assets; (2) operating grants and contributions that finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction or rehabilitation of capital assets.



**Uintah Mosquito Abatement District**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2004**

Property taxes and other revenue sources not properly included with program revenues are reported as general revenues.

***Fund Financial Statements***

Fund financial statements are provided for governmental funds. Both of the District's funds, general and capital projects, are presented as major funds.

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The financial statements of the District are prepared in accordance with generally accepted accounting principles (GAAP). The District applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements specifically made applicable to governmental funds by GASB.

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification or elimination of internal activity (between or within funds). The District's operations do not include any internal activities with the exception of transfers between funds, which are eliminated by direct offset. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for sick leave benefits which are reported as expenditures in the year paid.

Major revenues susceptible to accrual include property taxes, fee in-lieu of property taxes, and government grants. In general, other revenues are recognized when cash is received.

**D. Fund Types and Major Funds**

The District reports the following major governmental funds:

- The **general fund** is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Uintah Mosquito Abatement District  
Notes to the Financial Statements  
For the year ended December 31, 2004**

- The **capital projects fund** accounts for the construction of major capital projects and the purchase of equipment.

**E. Cash and Cash Equivalents (See note 3, also.)**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. All short-term cash surpluses are maintained in a cash and investment pool and allocated to each fund based on period-end deposit and investment balances. Interest income is allocated to the funds based on average period-end deposit and investment balances.

State statutes authorize the District to invest (short-term and long-term) in certificates of deposit (considered deposits for risk categorization purposes), U.S. Treasury obligations, U.S. agency issues, high-grade commercial paper, banker's acceptances, repurchase agreements and certain corporate bonds. The District limits its investments to deposits in the Utah State Public Treasurers' Investment Fund.

**F. Inventory of Pesticides**

In the governmental funds, purchases of pesticides are charged to expense when acquired by the District under the purchase method. However, at year-end an inventory of pesticides on hand is taken and valued at cost using the first-in first-out (FIFO) method. The change in inventory from the beginning of the year is reported as a financing source or use in the combined statement of revenues, expenditures, and changes in fund balance – governmental funds.

The government-wide statement of activities reports expense for pesticides when they are consumed in operations.

**G. Capital Assets and Depreciation**

The District's property, furniture and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The District owns no infrastructure assets. The District capitalizes assets with a cost of \$1,000 or more. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method.

When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

The useful lives estimated for depreciable assets are: buildings 40 years, improvements 20-40 years, and equipment 5-10 years.

**Uintah Mosquito Abatement District**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2004**

**H. Fund Equity**

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation or legally restricted for specified purposes. The a portion of fund balance equal to the District's pesticide inventories is reserved because it does not represent assets available for appropriation.

**I. Flow Assumptions for Restricted Resources**

Whenever the District has the option of using either restricted or unrestricted resources to make certain payments (such as capital construction costs being financed partially from restricted grants and partially from the District's own funds) the District's policy is to use restricted resources first.

**J. Compensated Absences**

Employees are granted compensation for days absent from work due to vacations, sickness, or other personal matters, in varying amounts depending on tenure with the District. Accumulated unpaid vacation is accrued in both the governmental fund financial statements and the government-wide financial statements.

One half of unused sick leave, up to 150 days, is payable to employees upon termination of employment or retirement. The vested portion of unused sick leave is accrued in the government-wide financial statements. Governmental funds report only sick leave payable to currently terminating employees.

**K. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**2. BUDGETARY INFORMATION**

The Uintah Mosquito Abatement District follows the budgetary practices and procedures required by Utah State law. These requirements are summarized as follows:

**Uintah Mosquito Abatement District  
Notes to the Financial Statements  
For the year ended December 31, 2004**

- A formal budget is adopted for all governmental funds. The budget is a complete plan that identifies all estimated revenues and all appropriations for expenditure for the year. The budget must balance, that is, estimated revenues and other financing sources must equal appropriated expenditures. Budgets are adopted on the basis of accounting used for reporting purposes in the governmental funds financial statements. The legal level of budgetary control is the fund level.
- The director submits to the board of trustees, a proposed operating budget for the fiscal year beginning January 1.
- The Board discusses and approves the budget and sets a date for a public hearing on the proposed budget.
- A public hearing is held to obtain taxpayer comments and the budget is adopted.
- The Board can transfer budgeted amounts between line items by resolution, but any action that increases or decreases the total budget must be approved by resolution only after an advertised public hearing.

**3. DEPOSITS AND INVESTMENTS (See note 1 E, also.)**

Deposits and investments for local governments are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council"). Following are discussions of the District's exposure to various risks related to its cash management activities.

**a. Custodial Credit Risk**

**Deposits**—Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be recovered. The District's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the District to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of December 31, 2005 the carrying amount of the District's deposits was \$(483) and the bank balance was \$5,967. All of the bank balance was covered by federal deposit insurance.

**Uintah Mosquito Abatement District**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2004**

**b. Credit Risk**

**Investments**—Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The District's policy for limiting the credit risk of investments is to comply with the Money Management Act.

The District is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

As of December 31, 2005 the District had investments of \$743,976 with the PTIF. The entire balance had a maturity of less than one year. The PTIF pool has not been rated.

**c. Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The District manages its exposure to declines in fair value by investment mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

**4. CAPITAL ASSETS**

**Changes in Capital Assets**

The following table provides a summary of changes in capital assets:

	Capital Assets Not Depreciated	Capital Assets Depreciated			Totals
	Land	Buildings	Improvements	Equipment	
Governmental Activities					
Balance, December 31, 2004	\$ 8,500	\$ 480,275	\$ 191,509	\$ 431,636	\$ 1,111,920
Increases	-			50,501	50,501
Decreases	-	-		(16,310)	(16,310)
Balance, December 31, 2005	8,500	480,275	191,509	465,827	1,146,111

**Uintah Mosquito Abatement District**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2004**

Accumulated Depreciation

Balance, December 31, 2004	-	83,817	45,548	188,246	317,611
Increases	-	12,007	9,266	47,548	68,821
Decreases	-	-	-	(16,310)	(16,310)
Balance, December 31, 2005	-	<u>95,824</u>	<u>54,814</u>	<u>219,484</u>	<u>370,122</u>

Governmental Activities

Capital Assets, Net	<u>\$ 8,500</u>	<u>\$ 384,451</u>	<u>\$ 136,695</u>	<u>\$ 246,343</u>	<u>\$ 775,989</u>
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**5. LONG-TERM LIABILITIES**

The District's liability for vested sick leave increased during the year as follows (see note J):

	<u>Balance 1/01/2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 12/31/2005</u>
Vested sick leave	<u>\$ 31,773</u>	<u>\$ 2,424</u>	<u>\$ -</u>	<u>\$ 34,197</u>

**6. PENSION PLANS**

**Plan Description.** The District contributes to the Local Governmental Noncontributory Retirement System which is a cost sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). The Systems provide retirement benefits, annual cost of living allowances, death benefits, and refunds to plan members and beneficiaries in accordance with retirement statutes established by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and Plans. Chapter 49 places the Systems, the Office, and related programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1(800) 365-8772.

**Uintah Mosquito Abatement District**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2004**

Funding Policy. In the Local Governmental Noncontributory Retirement System, the District was required to contribute 11.09% of its annual covered salaries for the six months ended June 30, 2005 and 11.09% for the six months ended December 31, 2005. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

The District contributions to the Local Governmental Noncontributory Retirement System for the years ended December 31, 2005, December 31, 2004, and December 31, 2003 respectively were: \$13,824, \$12,080, and \$10,220. The contributions were equal to the required contributions for each year.

The District also participates in a 401(k) deferred compensation plan administered by the Utah Retirement Systems. Employer contributions for the year ended December 31, 2005 totaled \$4,986. Employee contributions totaled \$13,800.

**7. INSURANCE AND RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; and natural disasters for which the District carries commercial insurance.

**8. PROPERTY TAXES**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on or before June 22 and are payable on or before November 30. The amount of estimated revenue from property taxes required by the budget constitutes the basis for determination of the amount of taxes levied.

The County Treasurer collects property taxes levied by the District. Collected taxes are periodically apportioned and remitted to the District.

**9. TRANSFERS WITHIN THE REPORTING ENTITY**

The general fund transferred \$57,000 to the capital projects fund to provide for current and future capital outlays.

# **Uintah Mosquito Abatement District**

## **Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund** **For the year ended December 31, 2005**

	Original Budget	Amendments	General Fund Final Budget	2005 Actual	Variance
<b>REVENUES</b>					
Taxes					
Property Taxes	\$ 502,600	\$ 66,400	\$ 569,000	\$ 629,386	\$ 60,386
Fee in-lieu	43,000	-	43,000	55,801	12,801
Total taxes	545,600	66,400	612,000	685,187	73,187
Miscellaneous					
Interest	7,000	-	7,000	10,308	3,308
Grants	-	30,000	30,000	30,000	-
Other				502	
Total miscellaneous	7,000	30,000	37,000	40,810	3,308
Total revenues	552,600	96,400	649,000	725,997	76,495
<b>EXPENDITURES</b>					
Public Health - Current					
Salaries	205,000	22,000	227,000	213,774	13,226
FICA taxes	16,000	2,000	18,000	16,479	1,521
Health insurance	15,000	4,200	19,200	17,755	1,445
State retirement	16,000	4,500	20,500	18,811	1,689
Workmen's compensation	8,000	4,700	12,700	10,813	1,887
Utilities	7,500	3,500	11,000	7,754	3,246
Office & lab supplies	8,000	1,500	9,500	6,381	3,119
Pesticides	100,000	8,000	108,000	105,716	2,284
Aerial application	60,000	(9,000)	51,000	47,852	3,148
Vehicle fuel	9,500	5,500	15,000	12,097	2,903
Vehicle maintenance	11,000	7,000	18,000	7,344	10,656
Buildings & grounds maintenance	3,000	6,000	9,000	3,373	5,627
Small equipment & supplies	14,000	7,000	21,000	10,306	10,694
Bookkeeping & audit	5,500	4,000	9,500	7,934	1,566
Travel & trustee expenses	12,500	10,000	22,500	19,984	2,516
Insurance - liability & vehicle	26,000	-	26,000	24,586	1,414
UMAA dues & research	1,100	2,500	3,600	2,172	1,428
Property tax refunds	3,000	11,000	14,000	12,170	1,830
Public relations	15,000	-	15,000	15,565	(565)
Source reduction	1,500	1,000	2,500	1,500	1,000
Miscellaneous	3,000	1,000	4,000	1,454	2,546
Capital Outlay					
Buildings & improvements	-	-	-	-	-
Equipment	-	-	-	-	-
Total expenditures	540,600	96,400	637,000	563,820	73,180
Excess revenues	12,000	-	12,000	162,177	149,675
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from the sale of capital asset	10,000		10,000	500	(9,500)
Transfers in (out)	(22,000)	(35,000)	(57,000)	(57,000)	-
Increase (decrease) in inventories	-	-	-	(9,921)	(9,921)
Excess revenues	-	(35,000)	(35,000)	95,756	130,254
Fund balance - January 1	593,384	94,538	687,922	687,922	-
Fund balance - December 31	\$ 593,384	\$ 59,538	\$ 652,922	\$ 783,678	\$ 130,254



# CALDWELL, COOMBS & FOLEY, LLP

*Certified Public Accountants*

92 North Vernal Avenue  
Vernal, Utah 84078-2104  
(435) 789-0961  
Fax (435) 789-0340



## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees  
Uintah Mosquito Abatement District  
Vernal, Utah

We have audited the financial statements of the governmental activities, and each major fund of Uintah Mosquito Abatement District, as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 19, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Uintah Mosquito Abatement District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Uintah Mosquito Abatement District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, and contracts, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we

do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Uintah Mosquito Abatement District in the accompanying schedule of Auditors' Findings and Recommendations.

This report is intended solely for the information of the Board of Trustees, management, others within the organization, and the Utah State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

*Caldwell, Coombs & Foley, LLP*

Vernal, Utah

July 19, 2006

# CALDWELL, COOMBS & FOLEY, LLP

*Certified Public Accountants*

92 North Vernal Avenue  
Vernal, Utah 84078-2104  
(435) 789-0961  
Fax (435) 789-0340

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH GENERAL STATE REQUIREMENTS BASED ON AN AUDIT OF FINANCIAL STATEMENTS CONDUCTED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Honorable Chairman and Board of Trustees  
Uintah Mosquito Abatement District

We have audited the financial statements of the governmental activities, and each major fund of Uintah Mosquito Abatement District, as of and for the year ended December 31, 2005, which collectively comprise the District's basic financial statements, and have issued our report thereon dated July 19, 2006. The District received the following nonmajor grant, which is not required to be audited for specific compliance requirements: (However, this program was subject to testwork as part of the audit of the Uintah Mosquito Abatement District's financial statements.)

Emergency Mosquito Control (Department of Agriculture and Food)

Our audit included testwork on the District's compliance with the following general compliance requirements identified in the State of Utah Legal Compliance Audit Guide:

- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Truth In Taxation and Property Tax Limitations
- Budgetary and Reporting Requirements
- Special Districts
- Other General Issues

The District did not receive any major State grants during the year ended December 31, 2005.

The management of Uintah Mosquito Abatement District is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we

plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed an instance of immaterial noncompliance with the requirements referred to above, which is described in the accompanying schedule of Auditors' Findings and Recommendations.

In our opinion, Uintah Mosquito Abatement District complied, in all material respects, with the general compliance requirements identified above for the year ended December 31, 2005.

*Caldwell, Coombs & Foley, LLP*

Vernal, Utah  
July 19, 2006

**UINTAH MOSQUITO ABATEMENT DISTRICT**  
**Auditors' Findings And Recommendations**  
For the Year Ended December 31, 2005

**05-1 Excess General Fund Balance**

**Finding** – The unreserved fund balance in the general fund at December 31, 2005 exceeded the amount the District is allowed to accumulate under Utah State Law by \$12,778.

**Criteria** – State Law allows special districts to accumulate earnings or fund balances, as appropriate, within any fund. With respect to the general fund only, any accumulated fund balance is restricted to the greater of: 100% of the current year's property tax; or 25% of the total general fund's revenues. Excess funds may be transferred to a capital projects fund if needed for planned capital expenditures, or should be considered a financial resource in the budget for the second succeeding year (2007).

**Recommendation** – The board of trustees and management of the District should consider the excess fund balance as a financial resource in the 2007 budget, or in any amendments to the 2006 budget.

**Management's Response** – We follow the recommendation and will comply with State law. The District is working with the Utah Association of Special Districts to recommend a bill to the State Legislature that would allow mosquito abatement districts to accumulate funds in a special account for meeting emergency situations like an out-break of West Nile Virus infection.